



Symposium, January 27-28, 2003

Product Differentiation and Market Segmentation in Grains and Oilseeds: Implications for an Industry in Transition

PRELIMINARY AGENDA

Monday, January 27, 2003

8:30 – 9:00 a.m. **Registration**

9:00 – 9:15 a.m. **Welcome and Introduction – Neilson Conklin**, Director, Market and Trade Economics Division, Economic Research Service

Program Note – Aziz Elbehri, Economic Research Service

9:15 – 10:30 a.m.	Session I. Grain and Oilseed Markets Under Product Differentiation: Drivers of Change and Recent Trends
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Chair: **Walter Armbruster**, The Farm Foundation

Forces Driving Industrialization of Agriculture: Implications for the Grain Industry in the United States

Steven T. Sonka, University of Illinois

Provides an overview of the main drivers inducing grain differentiation, including crop and industrial biotechnology, information technology, and differentiated demand. Discusses the broad implications of these technological innovations for policy and regulatory responses.

*Differentiation Within the Grain and Oilseeds Sectors:
The Evolution and Reengineering of Supply Chains Increased*

Tom Sporleder, Ohio State University

Addresses the linkages between increased differentiation and restructuring of the production and marketing system, including the rise of contracting and other market coordination mechanisms along the grain supply chain.

10:30 – 11:00 a.m. Coffee break

11:00 – 12:30 p.m.

Session II. Product Differentiation and Marketing Systems: Current Trends and Developments in the Grain and Oilseed Industry

Chair: **Mary Bohman**, Market and Trade Economics Division, ERS

Product Differentiation and Identity Preservation (IP): Implications for Market Developments in U.S. Corn and Soybeans

Karen Bender, University of Illinois-Urbana Champaign

Examines the main factors affecting identity-preservation trends within the U.S. corn and soybean sectors. Highlights domestic and international factors shaping IP production and marketing trends in the United States.

Identity-Preservation in Marketing Systems in Canada: Developments in Wheat and Canola Sectors

Peter Phillips, University of Saskatchewan

Describes the identity preservation trends within Canada's canola and wheat sectors. Highlights the main domestic and international factors shaping IP production and marketing trends specific to Canada.

Identity-Preserved Grain—Logistical Overview

Heidi Reichert, USDA, Agricultural Marketing Service

Discusses the shipping industry's response to increased demand for IP grains, including trends in containerized versus bulk grain shipping. Assesses cost and efficiency implications of increased containerization shipping.

12:30 – 1:30 p.m.

Lunch

1:30 – 3:00 p.m.

Session III. Price and Market Implications of Differentiated Grain and Oil Crops: Analytical Approaches

Chair: **Jim MacDonald**, Resource Economics Division, ERS

Welfare effects of non-GMO identity preservation: the case of potential coexistence of GM and non-GM rapeseed in the EU

Marion Desquilbet, INRA, France

Examines the market effects of bioengineering crops under segregated supply channels including IP-non-GM crops. An analytical model is applied to examine the impact of adoption of GM-rapeseed in the European Union and examine the distribution of gains and losses among producers and consumers under different assumptions on costs of IP.

Product Differentiation and Price Behavior in Corn Markets With Identity-Preserved Types

Aziz Elbehri, USDA, Economic Research Service

Examines the price and market implications of marketing corn when identity-preserved types coexist with generic corn. Uses an economic model—which integrates generic corn, specialty corn types, and corn processing—to examine the market implications of differentiated demand shocks on each corn-market segment.

The Economics of Thresholds in IP Systems: An Example From the U.S. Seed Industry

Nicholas Kalaitzandonakes, University of Missouri-Columbia

Examines the role of purity and thresholds in affecting the size of IP costs and their variability. Describes an empirical analysis for such relationships in the case of the U.S. seed corn industry, long characterized by IP systems and rigorous thresholds.

3:00 – 3:15 p.m. Refreshments

3:15 – 4:15 p.m.	Session IV. Economics of Identity Preservation: Assessing Costs and Efficiency in the Grain Industry
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Chair: **Demcey Johnson**, Market and Trade Economics Division, ERS

The Logistical Costs of Marketing Identity-Preserved GM Wheat

William Wilson, North Dakota State University

Addresses the issue of adoption and efficient marketing of bioengineered wheat and likely testing and segregation requirements. Describes an economic model that assesses costs and risks of alternative strategies for marketing GM crops.

Segregation Costs and Efficiencies Within the Grain-Handling System

Charles Hurburgh, Iowa State University

Outline the options for certification and traceability within the grain-handling system, with a focus on costs and efficiency gains from grain segregation by elevators and intermediate grain handlers.

Costs and Efficiency of IP Production and Handling: A Perspective From the Field

Lynn Clarkson, Clarkson Grain Company, Inc.

Describes a private firm's experience in marketing IP and segregated grains under current demand conditions for IP products. Addresses key determinants of costs and efficiency from an IP marketing firm's perspective.

4:15 – 4:30 p.m. Break

4:30 – 5:30 p.m.	Session V. Product Differentiation and Market Facilitation: Private and Public Initiatives
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Chair: **Elise Golan**, Food and Rural Economics Division, ERS

Public Role in Grain and Oilseed Marketing Facilitation: USDA Perspective

David Shipman, USDA, Grain Inspection, Packers and Stockyards Administration

Outlines USDA's recent initiatives in GMO-testing certification and the proposed Process Verification Program. Reviews USDA's response to the Advance Notice of Proposed Rulemaking. Examines government's future role in facilitating marketing of segregated grain products.

Supply Chains, Quality Assurance, and Traceability: Using ISO Systems in Agriculture

Reg Clause, Center for Industrial Research and Services, Iowa State University

Assesses the trends toward adoption of ISO systems in agriculture and food processing. Highlights recent experiences by Iowa State's Center for Industrial Research and Services in ISO certification for producers, feed millers, and cooperative elevators.

Marketing IP Grain with Quality Assurance: Genetic ID experience with "Cert ID" system

John Fagan, Genetic ID

Describes how Genetic ID has implemented the "Cert ID" system of identity preservation and product certification since 1998. Also provides a private-sector perspective on the role of private versus government in setting quality standards and facilitating marketing of identity preserved products.

Market Facilitation of Grain Marketing: The End-User's Perspective

Frank Beurskens, AgriBiz and Associates, Inc.

Examines identity preservation from an end-user's perspective—emphasizing a coordination mechanism rather than a product-centric, value-adding process. Draws implications for private roles and public initiatives for market facilitation of IP products.

Tuesday, January 28, 2003

8:30 – 10:00 a.m.

Session VI. Producing Differentiated Crops: Costs, Incentives, and Organizational Implications

Chair: **Joy Harwood**, Market and Trade Economics Division, ERS

Recent Trends in High-Value Corn Production in the United States: Evaluation of the Economic Determinants Behind Growers' Decisions

Bob Stewart, Ag Education & Consulting, Illinois

Examines the economic factors drawing farmers in and out of specialty grain production, based on multi-year farm surveys by the U.S. Grain

Council. Discusses farmers' decisions to enter or exit specialty grain production, including issues such as added costs, price premiums, and production/marketing contracts.

Risk and Risk Management in the Production and Marketing of Value-Enhanced Grains

Sharon Bard, Ag Education & Consulting, Illinois

Reviews farmers' perceptions of risk associated with producing and marketing high-value crops (based on a focus-group survey of Illinois farmers).

Contract Production and Market Coordination for Specialty Crops: The Case of Indiana

Joan Fulton, Purdue University

Examines the role of contracts in producing and marketing specialty crops. Reviews the structure and type of contracts in grain and oilseed production and how they affect growers' costs and benefits from producing specialty crops.

10:00 – 10:15 a.m. Coffee break

10:15 – 11:15 a.m.	Session VII. Production and Marketing of Differentiated Crops: A View From the Field
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Chair: **Barry Krissoff**, Market and Trade Economics Division, ERS

A Producer's Experience With Pharmaceutical IP Plants

Bill Horan, Iowa corn grower (NCGA Board Member)

Describes a grower's experience in producing IP pharmaceutical corn. Outlines the various steps taken to ensure traceability and certification once the decision was made to specialize in IP production, and highlights specific challenges and obstacles in the experience.

Servicing IP Production and Marketing: A Third-Party Role

Bill Grande, IdentityPreserved.com

Describes the role of an IP grain service firm in assisting producers to deliver differentiated products. Describes specific services and tools available that are designed to deliver branded crops to the marketplace.

Procuring IP Grains and Ingredients: A Food Manufacturing Experience

Ron Olson, General Mills Grain Division

Describes one food company's experience in procuring IP grains for food processing. Addresses how demand for trait-specific IP grains is affecting grain procurement strategies, as well as changing relationships with upstream suppliers from producers to processors.

11:15 – 11:30 a.m. Break

11:30 – 12:30 p.m.	Session VIII. Implications for Research Priorities, Policy Issues, and Data Needs
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Chair: **Walter Armbruster**, The Farm Foundation

USDA representative

Charles Hurburgh, Iowa State University

Tom Sporleder, Ohio State University

Frank Beurskens, AgriBiz and Associates, Inc

12:30 p.m. Adjourn